



International Association of Lemon Law Administrators

March 17, 2015

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Federal Trade Commission
Office of the Secretary
Room H-113 (Annex T)
600 Pennsylvania Avenue NW
Washington, DC 20580

Re: Used Car Rule Regulatory Review, 16 CFR part 455, Project No. P087604

Honorable Commissioners:

Thank you for this opportunity to respond to the Supplemental Notice of Proposed Rulemaking for the Commission's Used Motor Vehicle Trade Regulation Rule ("Used Car Rule").

The International Association of Lemon Law Administrators ("IALLA") is an association currently comprised of U.S. state lemon law administrators. Our mission is to support and promote the role of government agencies tasked with the responsibility of ensuring an honest, safe and informed marketplace, and to promote consumer and business responsibility in a competitive economy.

We appreciate the time and effort expended by the Commission and its staff in analyzing the comments filed in response to the original Notice of Proposed Rulemaking for the Used Car Rule. The issues raised were numerous, and Commission, in carrying out its responsibilities, had to carefully consider the divergent interests that would be affected by those issues. The following comments are filed on behalf of our Member States of California, Georgia, Connecticut, Hawaii and Ohio.

We would first like to express our support for the Commission's proposal to amend the Used Car Rule to require dealers who have obtained a vehicle history report on an individual vehicle to indicate the availability of the report on the front of the Buyers Guide. While this proposal does not go as far as was originally proposed by our organization, it does reflect and communicate the dealer's obligation to disclose known negative information about any vehicle being sold. With the minor revision proposed below, this disclosure requirement will be an effective tool in preventing deception in the market for used vehicles, without creating an undue burden on dealers. Our expression of support extends, as well, to the proposal to move both this disclosure, as well as the non-dealer warranty boxes, to the front of the Buyers Guide. Not only does this increase the visibility – and therefore the accessibility – of this information, it also provides a level of consumer education with regard to the issues that consumers can, and should, be investigating when shopping for used vehicles.

Second, as you are aware from our previous comments, IALLA is concerned about consumers' access to information relating to a vehicle's buyback history, as well as information relating to state warranty laws that would impose an obligation on a manufacturer to provide state-specific warranty coverage as a result of that buyback history. Based on the comments and discussion in the Supplemental Notice of Proposed Rulemaking, we understand that the Commission will not

impose an obligation on dealers to make independent inquiry relative to this information for the vehicles they sell. Those same comments make clear, however, that the Commission is cognizant of a dealer's obligation to disclose known negative information about its vehicles; "[u]nder state and federal law, motor vehicle dealers that know of negative title information have a legal obligation to disclose it to consumers."¹ With reference, then, to the issues that IALLA is concerned about, it appears that state-specific warranty information would appropriately be disclosed by checking the "Other Used Vehicle Warranty Applies" box on the Buyers Guide, if a dealer has information regarding the existence of such. We believe this to be the case regardless of whether the state-specific warranty arises as a result of a vehicle's buyback history or other state action. This same box would not, however, appear to be a clear method for the disclosure of buyback history or other relevant title information when state-specific warranty coverage information is either unknown or does not exist. Given the Commission's recognition that an obligation to disclose this information exists, if known to a dealer, and given that a vehicle history report is not the sole source of this type of information for a dealer, we would like to suggest the following amendment to the proposed Buyers Guide. We believe this amended language would provide a clear opportunity for dealers to disclose buyback or other negative title information to a consumer, without causing undue burden.

- ☐ IF THE DEALER CHECKED THIS BOX, THE DEALER HAS A VEHICLE HISTORY REPORT AND WILL PROVIDE A COPY TO YOU UPON REQUEST, OR HAS OTHER INFORMATION ABOUT THIS VEHICLE THAT MUST BE DISCLOSED PURSUANT TO STATE OR FEDERAL LAW.

On a final note, we assume that it is the intent of the Commission that copies of vehicle history reports are to be provided to consumers free of charge. If so, we would urge the Commission to make this intention clear, perhaps by adding the words "free of charge" to the above notice; if not, we would request that the Commission reconsider the issue.

Thank you once again for this opportunity to comment and for the work you do on behalf of our nation's consumers.

Sincerely,

/s/

Richard Soletski
Executive Director